
Director Corporate Tax Policy
Unit Treasury
Langton Cres Parkes ACT 2600

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Dear Director,

I am responding to the consultation on the proposed legislation relating to Franked Distributions and Capital Raising.

I object to the proposed legislation changes.

My wife and I are self-funded retirees. We do not receive any government pension nor hold a health card. The ability to have franking credits refunded to us is an integral part of our income.

Should franking credits be removed, let alone introducing a retrospective tax, it will result in a far quicker erosion of capital leading to an earlier reliance on welfare payments.

I believe the draft legislation is inequitable to Australian companies and shareholders and it could inadvertently impact situations of legitimate company operations. The draft legislation fails to recognise the fundamental principle underlying the franking regime and the reason for its creation, the avoidance of double taxation on company earnings.

The Franked Distribution and Capital Raising draft legislation, if widely applied, will lead to the demise of the franking system.

It will stop Australian companies who issue new shares under a Dividend Reinvestment Plan (DRP) from paying franked dividends and significantly increase the cost of capital for all franked dividend paying Australian companies. It will also risk the stability and integrity of the Australian banking system by inhibiting effective capital raising during challenging economic periods such as the start of the coronavirus pandemic. If passed, its application would also unfairly burden Australian investors with retrospective tax debts, to be paid at a time of economic uncertainty. Please contact me on my email address if you have any questions on this submission

David Fahey